

The Board of Supervisors will hear presentations on the 2003-04 Proposed Budget on June 4 – 6, 2003. This budget covers the period from July 1, 2003 – June 30, 2004. Each department is responsible for operating within their budget and has the authority to spend up to the approved budget amount. The County of San Bernardino's 2003-04 Proposed Budget consisting of the general fund, special revenue funds, capital projects funds, and enterprise funds has a total appropriation of \$2.6 billion.

General Fund Budget Process

The County Administrative Office has the responsibility of developing the county financing plan for all general fund departments. The 2003-04 financing plan includes \$348.2 million in discretionary revenue. This revenue is comprised of property taxes, vehicle license fees, interest on the county investment pool, sales tax, and other taxes. Mandatory costs such as previously negotiated salary increases, previous year's Board approved costs, and other mandated costs are first financed by the discretionary revenue. After the mandatory costs are financed, the remaining unallocated discretionary revenue is presented to the Board of Supervisors for approval of distribution during the budget workshop. In 2003-04, the amount of unallocated discretionary revenue and other financing sources, including Tobacco Settlement proceeds, is \$59,136,684 (\$13.6 million ongoing and \$45.5 million one-time). This amount does not include any of the county's reserves.

A budget workshop will be held on June 4 – 6, 2003 to discuss each department's proposed budget. Each department submitted a proposed budget based on the general fund financing amount allocated to them and their own departmental revenues. Departments also requested funding for those workload and program changes that were unable to be financed in their proposed budget.

Any budgetary changes the Board of Supervisors approve at the budget workshop will be incorporated in the 2003-04 budget that will be presented to the Board during the Budget and Fee Hearing beginning June 23, 2003, at 1:30 in the Board Chambers.

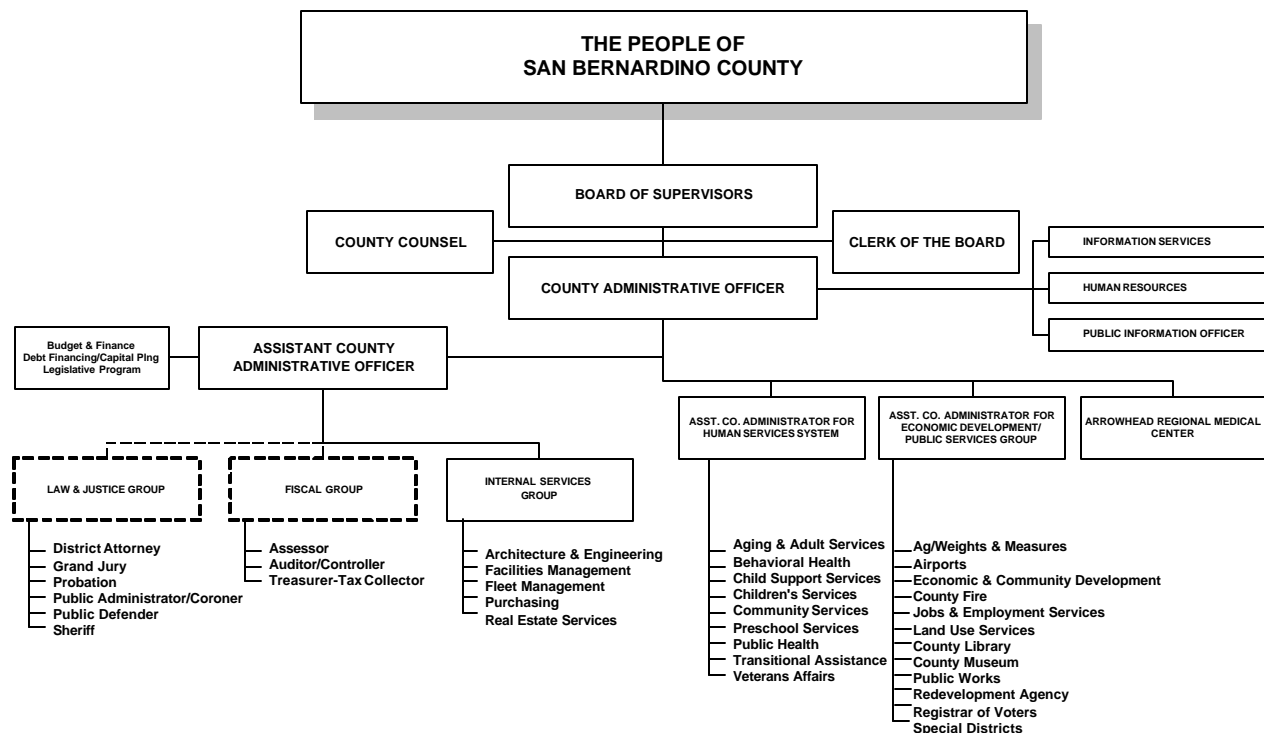
This hearing is to obtain public input on the county budget and fee ordinance changes and to obtain additional Board changes to incorporate into the 2003-04 final budget.

Other Funds Budget Process

In addition to the general fund, the County of San Bernardino has special revenue funds, capital project funds, internal service funds, and enterprise funds. All of these funds are restricted to the revenue sources they receive. Each department having these types of funds is responsible for developing its budget based on the revenue resources available to them. These resources include projected revenue to be collected in 2003-04 and any revenue not spent and carried forward from prior years (for example, fund balance for special revenue funds). These budgets will also be discussed during the budget workshop and Budget and Fee Hearing.

Proposed Budget Workbook Format

The County of San Bernardino's 2003-04 Proposed Budget is presented in this book based on the County Organizational Structure, which is depicted below. The Administrative/Executive Group is those departments that report directly to the Board of Supervisors or those departments that report directly to the County Administrative Office. This group performs functions related to the overall support of the county. A sample of the departmental budget format is shown on pages 3 – 7 of this Preface; the sample shows and explains how each budget unit is presented in the book. There is also a list of Proposed Budget Definitions on pages 8 – 11 of this Preface that define budget terms commonly used throughout the budget workbook.



Departments that have multiple budget units will have a summary at the front that lists the budget units and the department requested budgets for 2003-04 which they are responsible for.

OVERVIEW OF BUDGET

The department name and responsible administrator are listed at the top.

DEPARTMENT:
DEPARTMENT HEAD:

Budget #1
Budget #2
Budget #3
Total

2003-04				
Operating Exp/ Appropriation	Revenue	Local Cost	Rev Over(Under) Exp/ Fund Balance	Staffing
			-	
		-	-	
		-	-	
		-	-	

BUDGET UNIT: BUDGET UNIT NAME (FUND DEPT)

I. GENERAL PROGRAM STATEMENT

Section I is the General Program Statement, which provides a narrative describing the function and activity of the budget in question.

II. BUDGET & WORKLOAD HISTORY

	Actual 2001-02	Budget 2002-03	Estimated 2002-03	Department Request 2003-04
Total Appropriation				
Total Revenue				
Local Cost				
Budgeted Staffing				
Workload Indicators				
Workload Indicator #1				
Workload Indicator #2				

Section II is the Budget & Workload History, which provides a historical overview of the budget unit, including prior year actuals, the current year adopted budget and year-end estimates, and the department requested budget for next fiscal year.

It also includes budget and actual information related to measurements of workload, called Workload

For those departments that have significant variances between budget and estimates in 2002-03, there will be an explanation of why this occurred. The 2002-03 Budget is the original budget adopted in late June and does not reflect any mid year changes approved by the Board during the fiscal year. In many cases, this is why there are variances between budget and estimates in 2002-03.

III. HIGHLIGHTS OF RECOMMENDED PROGRAM FUNDED ADJUSTMENTS

STAFFING CHANGES

PROGRAM CHANGES

OTHER CHANGES

IV. VACANT POSITION IMPACT

V. OTHER POLICY ITEMS

Section III highlights, in narrative form, some of the major changes that are detailed in the Recommended Program Funded Adjustments column in the Analysis of 2003-04 Budget. Not all departments will have information here, especially if the overall functioning and responsibilities of the department have not changed.

If there are important changes to highlight, they will be broken out into the categories of Staffing, Program, and/or Other Changes.

Section IV highlights the impact of vacant positions within the department. Vacant positions are separated by "Not in Recruitment" and "In Recruitment". Per Board direction, "Not in Recruitment" positions are slated for deletion in 2003-04. If departments submitted policy items to restore these positions, they are listed under "Vacant Position Restoration Request".

Section V highlights policy items not related to Vacant Position Restorations; these items refer to requests that are detailed in the following sections. Other Policy items are those workload and program changes that were unable to be financed and the department is requesting funding for.

Section VI highlights any proposed fee changes that are detailed in the following

VI. FEE CHANGES

GROUP:
DEPARTMENT:
FUND:

The header shows which budget you are looking at and lists the Function and Activity that tie this page to the summary financial schedules prepared by the Auditor's Office.

FUNCTION:
ACTIVITY:

ANALYSIS OF 2003-04 BUDGET

A	B	C	D	B+C+D E
2002-03 Year-End Estimates	2002-03 Final Budget	Base Year Adjustments	Mid-Year Adjustments	Board Approved Base Budget

Appropriations

Salaries and Benefits
Services and Supplies
Central Computer
Other Charges
Equipment
Transfers
Total Exp Authority
Reimbursements
Total Appropriation

This section provides a summary overview of how the budget is formed starting with current year adopted budget and how the budget incrementally progresses with other Board approved changes.

2002-03 Year-End Estimates are included for informational purposes. From left to right following the 2002-03 Year-End Estimates are: 2002-03 Final Budget; the Board approved Base Year Adjustments which include non-discretionary budget changes, such as changes due to legal requirements or salary negotiations; and Mid-Year Adjustments which include Board approved changes to the base budget. These are totaled in the Board Approved Base Budget column.

Revenue

Use of Money & Prop
Taxes
Current Services
State, Fed or Gov't Aid
Other Revenue
Other Financing Sources
Total Revenue

The next section continues this budget analysis starting with the Board Approved Base Budget.

Local Cost

Budgeted Staffing

The header shows which budget you are looking at and lists the Function and Activity that tie this page to the summary financial schedules prepared by the Auditor's Office.

GROUP:
DEPARTMENT:
FUND:

FUNCTION:
ACTIVITY:

ANALYSIS OF 2003-04 BUDGET

E	F	E+F G	H	G+H I	J	I+J K
Board Approved Base Budget	Recommended Program Funded Adjustments	2003-04 Department Request	Vacant Position Impact	2003-04 Proposed Budget (Adjusted)	Recommended Vacant Restoration	2003-04 Recommended Budget

Appropriation

Salaries and Benefits
Services and Supplies
Central Computer
Other Charges
Equipment
Transfers

Total Exp Authority
Reimbursements

Total Appropriation

Revenue

Use of Money & Prop
Taxes
Current Services
State, Fed or Gov't Aid
Other Revenue
Other Financing Sources

Total Revenue

Local Cost

Budgeted Staffing

This section is a continuance of the Board Approved Base Budget from the previous section. It continues the summary overview of how the budget incrementally progresses to include Recommended Program Funded Adjustments, exclusion of vacant positions, and restoration of vacant positions that have been recommended by the CAO.

Recommended Program Funded Adjustments represent changes requested by the department and recommended by the CAO that fall within the overall budget financing given to a department. This could consist of a reallocation of resources from one category to another within a departmental budget or an increase in expenditure authority based on new program revenue.

The 2003-04 Department Request column is a combination of the Board Approved Base Budget and Recommended Program Funded Adjustments columns.

The Vacant Position Impact column represents exclusion of vacant budgeted positions as directed by the Board on April 8, 2003.

The 2003-04 Proposed Budget (Adjusted) column reflects the 2003-04 Department Request less the Vacant Position Impact.

The Recommended Vacant Restoration column represents CAO recommendation of vacant positions to be restored back into the 2003-04 budget.

The 2003-04 Recommended Budget column represents the CAO suggested 2003-04 budget based on the necessity of keeping some vacant positions in the budget and is a combination of the 2003-04 Proposed Budget (Adjusted) and the Recommended Vacant Restoration columns.

Base Year Adjustments

Salaries and Benefits	
Services and Supplies	
Central Computer	
Base Year Appropriation	-
Base Year Revenue	-
Base Year Local Cost	-

This section shows detail of changes that are non-discretionary such as negotiated salary increases, retirement cost increases, etc.

Mid-Year Adjustments

Mid-Year Appropriation	-
Mid-Year Revenue	-
Mid-Year Local Cost	-

This section shows detail of Board approved mid-year adjustments to last year's adopted budget.

Recommended Program Funded Adjustments

Salaries and Benefits	-
Service and Supplies	-
General Computer	-
Equipment	-
Transfers	-
Total Exp Authority	-
Reimbursements	-
Total Appropriation	-
Total Revenue	-
Local Cost	-

This section shows detail of department requests and CAO recommended changes to the base budget that fall within a department's overall budget financing.

**Vacant Position Impact
Summary**

	Authorized	Budgeted Staffing	Salary and Benefit Amount	Revenue	Local Cost
Vacant Budgeted Not In Recruitment - Delete	<p>This section represents a summary of vacant budgeted positions that are being recommended for retention or deletion from the 2003-04 budget with the detail provided below.</p> <p>The Vacant Budgeted Not in Recruitment row ties to Column H in the Analysis of 2003-04 Budget.</p> <p>The Recommended Restoration of Vacant Deleted row ties to Column J in the Analysis of 2003-04 Budget.</p>				
Vacant Budgeted In Recruitment - Retain					
Total Vacant					
Recommended Restoration of Vacant Deleted					

**Vacant Position Impact
Detail**

	Position Number	Budgeted Staffing	Salary and Benefit Amount	Revenue	Local Cost
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Note: If position is seasonal indicate next to Classification (Seasonal - May through August)

Vacant Budgeted Not In Recruitment

Subtotal Recommended - Delete	<p>This section shows detail of each vacant budgeted position not in recruitment and those currently in recruitment and related recommendations to be deleted or retained. Each position also reflects revenue support and/or local cost impact.</p>				
Subtotal Recommended - Retain					
Total Slated for Deletion					
Vacant Budgeted In Recruitment - Retain					
Total in Recruitment Retain					

NOTE: If applicable, the vacant position will be bolded if included in the 30% Cost Reduction Plan not yet implemented.
If applicable, the seasonal vacant position that is currently not filled will indicate which months they are needed.

PROPOSED BUDGET DEFINITIONS

4% Spend Down Plan: This year's budget includes a 4% Spend Down Plan that was approved by the Board on December 10, 2002. Approved reductions are shown under Base Year Adjustments.

30% Cost Reduction Plan. The 30% Cost Reduction Plan, approved by the Board on January 28, 2003, details cost saving measures for discretionary income. The cost saving measures that have been implemented are detailed under Base Year Adjustments.

Activity – A component within a fund; usually a specific line of work performed to accomplish a function for which a governmental unit is responsible.

Appropriation: An authorization granted by a legislative body to make expenditures and incur obligations for a specific purpose.

Base Year Adjustments: All non-discretionary budget changes that are factored into the base budget and approved by the Board with the County Administrative Office's financing plan; these include the cost of new mandates and negotiated salary increases.

Board Approved Base Budget: The Board Approved Base Budget reflects the anticipated costs of carrying out the current level of service or activities as authorized by the Board of Supervisors in the prior years. It may include an adjustment for cost increases, but does not include changes in level of service over that authorized by the Board of Supervisors. This year's base budget represents the prior year approved budget plus mandated costs such as salary negotiations (MOU), retirement costs, risk management liabilities, and previous year's mid-year Board approved costs.

Budgeted Staffing: The number of equivalent positions funded in the budget unit.

Capital Project Funds: Capital Project Funds are used to account for financial resources designated for the acquisition or construction of major capital facilities other than those financed by Enterprise and Internal Service Funds.

Central Computer: Central Computer expense category is set up specifically to allocate Information Services Department's computer charges to departments based on usage. These are countywide costs for computer infrastructure such as email, wide area network, payroll processing, and software/hardware staff support. Each department's Central Computer budget amount is estimated at the beginning of the fiscal year by the Information Services Department and is billed based on that estimate. Next year's budget (2004-05) will be adjusted based upon the actual usage in 2003-04.

Contingencies: An amount set aside within a budget for unforeseen expenditure requirements. Board action must be taken to spend contingency funds.

COWCAP: COWCAP is an acronym that stands for County Wide Cost Allocation Plan. It is the method by which indirect support costs for services such as Human Resources, Payroll, Purchasing, etc. are allocated to departments. It is prepared annually by the County Auditor/Controller-Recorder in accordance with the Office of Management and Budget, Budget Circular A-87, which is the guideline for state and federal reimbursements for indirect costs.

Department: An organizational device used by county management to group programs of a like nature.

Depreciation: The recording of expiration in the service life of fixed assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence.

Discretionary Revenue: Revenue not legally designated for a specific purpose or program that can be appropriated at the discretion of the Board of Supervisors.

Employee Health & Productivity Program (EHaP): A modified duty/return to work program that utilizes specialized nurses to obtain effective and timely treatment for injured or ill employees. Overall goals are to return the employee to the workplace as soon as possible and to increase the health and productivity of employees through health promotion and risk reduction programs.

Enterprise Funds: Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through operational revenues.

Fiscal Year: County accounting period which runs from July 1 through June 30.

Fixed Asset: An asset of a long-term character such as land, buildings, furniture, and other equipment costing \$5,000 or more.

Function: A group of related activities aimed at accomplishing a major service for which a governmental unit is responsible. This designation is specified by the State Controller. For example: "Public Protection" is the function of the Sheriff's Department.

Fund Balance: The excess of assets of a special revenue fund over its liabilities.

GASB 33: GASB 33 signifies Governmental Accounting Standards Board, Statement 33. Statement #33 establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. A nonexchange transaction is where a government gives or receives value without directly receiving or giving value in return. Some examples of nonexchange transactions are taxes, grants, fines, donations, and state and federal funding.

The main change is revenue must be recognized for the above transactions when the underlying exchange has occurred or when eligibility requirements are met. Therefore, money that is received under this criteria and is being put aside in trust funds must be recognized when received and trust funds that are not fiduciary in nature must be eliminated.

GASB 34: GASB 34 signifies Governmental Accounting Standards Board, Statement 34. Statement #34 establishes new requirements for the annual financial reports of state and local governments. The goal is to make annual reports easier to understand and more useful to people who use governmental financial information to make decisions.

There are many components of GASB 34, but as it relates to the budget, it is primarily composed of how services provided between county budget units are accounted for. GASB 34 specifies how payments for services should be accounted for, i.e. either as reimbursements or as revenues. While the net impact is zero, reclassifications between these two categories cause inconsistencies when comparing year-to-year budgets by specific expense or revenue categories. In situations where this impact is significant, the departments have included an explanation of the reclassification.

General Fund: The General Fund is used to account for resources traditionally associated with government which are not accounted for in a specific fund to satisfy legal requirements or financial management objectives.

Internal Service Funds: Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost reimbursement basis.

Local Cost: Local cost is the amount contributed by the county general fund from its discretionary revenue sources to finance the activities of a department.

Memorandum of Understanding (MOU): For budget purposes, the MOU refers to an approved labor agreement between the county and an employee labor organization that details the salary, benefits, and other conditions of employment.

Mid-year Adjustments: Board approved changes to a department's budget after the adoption of the final budget.

Operating Transfers In/Out: A method of providing financing from one fund to another for the implementation of a project or program.

Other Charges: A category of accounts established for expenditures other than salaries and benefits, services and supplies, and fixed assets. Example: In Home Supportive Services.

Proposed Budget: The working document of the fiscal year under discussion. Approval of this document does not allow expenditures for fixed assets and for new permanent employee positions unless specifically approved by the Board of Supervisors.

Proposition 172: A permanent extension of a half-cent Local Public Safety Sales Tax approved by California voters on November 2, 1993. Proceeds of this sales tax must be dedicated to public safety.

Public Service Employee (PSE): PSEs are employees assigned to entry-level positions in a variety of fields and occupations for a limited duration. They are not full-time, regular county employees. PSEs are subject to an expedited recruiting process to accommodate additional workload or to handle one-time special projects. They do not receive the full range of benefits or have the civil service status of regular county employees.

Realignment Funding (Health & Welfare): In 1991/92 the state approved the Health & Welfare Realignment Program which involves a shift of program responsibilities from the state to the counties. This shift is funded through corresponding shift of dedicated Sales Tax and Vehicle License Fee revenue.

Reimbursements: Amount received as a repayment of the cost of work or service performed, or of other expenditures made, for or on behalf of another governmental unit or department. Reimbursements represent the recovery of an expenditure.

Revenue: The addition of cash or other current assets to governmental funds (receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses and fees or investment earnings. Revenues are deposited in a fund for future appropriation.

SB 90 State-Mandated Local Program: State reimbursements to local governments for the cost of activities required by State legislative and executive acts.

Special Revenue Funds: Special Revenue Funds account for the proceeds of specific sources that are legally restricted to expenditures for specific purposes.

Transfers: The movement of resources from one fund to another usually for payment of services received.